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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE WOOL SITUATION

Summary

Domestic wool prices advanced 8 to 15 cents a pound, scoured basis, in the first week of September following the outbreak of the European war. Prices of graded wools at Boston in the week ended September 8 reached the highest level for the current season and were 10 to 20 cents a pound, scoured basis, higher than a year earlier, according to the Bureau of Agricultural Economics.

The 1939-40 wool sales in Australia have been cancelled, following arrangements for the purchase of the entire Australian clip by the British Government. A committee has been appointed to direct the appraisal and shipment of Australian wool to England and other countries to be designated by the British Government. Australia produces about one-half of the wool clip of the Southern Hemisphere.

Mill consumption of apparel wool in the United States declined seasonally in July, but was 20 percent higher than in July 1938. Consumption on a grease basis in the first 7 months of this year was 60 percent larger than in the same months last year and was almost 20 percent larger than the 7-month average for the 10 years 1928-37. Mill orders for wool fabrics on July 1 were about 40 percent larger than a year earlier.

Domestic supplies of raw wool on August 1 were smaller than a year earlier and were estimated to be smaller than the 5-year (1933-37)

average. The carry-over of wool into the 1939-40 season in the Southern Hemisphere was much smaller than in 1938 and probably was below the June 30 average for the years 1933-37. Supplies of wool in Continental Europe and the United Kingdom, however, are believed to be relatively large.

The domestic wool manufacturing situation will be influenced in coming months by war conditions in Europe. While domestic production of wool is now 50 percent larger than in 1914-17, production is not sufficient to supply the normal domestic requirements. The United States usually imports considerable quantities of apparel wool as well as practically all the carpet wool consumed in this country.

The World War in 1914-18 resulted in marked activity in the domestic wool manufacturing industry, and in a sharp increase in imports of apparel wool into the United States. Net imports of such wool in 1914-16 were almost 4 times as large as in 1911-13, and imports continued large in 1917 and 1918. Exports of manufactured wool goods increased sharply from 1914 to 1916, but declined in 1917 and 1918. At the end of the war, however, stocks of raw wool were very large in most countries.

REVIEW OF RECENT DEVELOPMENTS

Domestic Situation

Domestic wool prices rise sharply in early September

After remaining largely unchanged in August, wool prices in the domestic market advanced 8 to 15 cents a pound, scoured basis, in the first week of September, following the outbreak of the European war. Prices of graded fine staple combing territory wools reached as high as 90 cents a pound, scoured basis, at Boston in the week ended September 8 compared with 73-75 cents a month earlier and 69-71 cents a year earlier. Graded Ohio and similar 3/8 and 1/4 blood bright fleece of combing length sold at 35-40 cents a pound, grease basis, in early September compared with 32-34 cents in the early part of August and 30-31 cents in early September 1938.

The United States average price of wool received by farmers on August 15 was 22 cents a pound compared with 21.8 cents on July 15 and 19.8 cents on August 15, 1938.

Wool imports continue larger than in 1938

United States imports of apparel wool for consumption 1/ totaled 44.4 million pounds in the first 7 months of this year compared with 11.5 million pounds imported in the same months last year and an average of about 51 million pounds for those months in the 5 years 1933-37. The increase in imports this year compared with last reflects the wider spread between domestic and foreign wool prices thus far in 1939. Imports of apparel wool in July totaled 5.6 million pounds compared with 5.3 million pounds in June and 2.9 million pounds in July last year.

Imports for consumption in the first half of 1939, by principal countries of production, are shown in the accompanying table.

Wool: Imports for consumption, by country of production
United States, January - June 1939

Country of production	Carpet wool	Apparel wool	
		Not finer than 40s	Finer than 40s
	1,000 pounds	1,000 pounds	1,000 pounds
Argentina	24,349	6,893	1,577
Australia	14	129	14,557
New Zealand	5,267	3,104	3,186
Uruguay	199	247	5,216
Union of So. Africa	573	-	528
British India	20,636	302	-
United Kingdom	5,835	686	1,191
Syria	4,348	65	-
Iraq	3,885	-	-
France	2,927	120	13
China	1,017	80	-
All other	7,569	110	798
Total	76,619	11,736	27,066

Compiled from Monthly Summary of Foreign Commerce, June 1939.

1/ Wool entered for immediate consumption plus wool withdrawn from bonded warehouses for consumption.

Mill consumption declines seasonally in July

The weekly rate of mill consumption of apparel wool in the United States was 5,498,000 pounds, scoured basis, in July. This was 7 percent lower than the June rate of consumption but was 20 percent higher than in July 1938. The decline in consumption in July was largely seasonal.

Consumption of apparel wool on a grease basis in the first 7 months of this year was equivalent to 295 million pounds of shorn wool and 47 million pounds of pulled wool. In the same months last year mill consumption was equivalent to 174 million pounds of shorn wool and 36 million pounds of pulled wool. Consumption on a grease basis from January through July was almost 20 percent larger than the 7-month average for the 10 years 1928-37.

Mill orders for wool fabrics larger than a year earlier

Unfilled orders for woven cloths held by 119 mills on July 1 were about 15 percent larger than on April 1 and were 40 percent larger than a year earlier. All types of fabrics shared in the increase in orders over the previous year. A slowing down in mill sales accompanied the European crisis in the latter part of August, according to the New York Wool Top Exchange Service. Some mills withdrew offerings pending a clarification of the situation.

Unfilled orders for woven cloth reported by 119 mills, July 1, 1939 with comparisons 1/

Item	1938	1939	
	July 2	April 1	July 1
	1,000 linear yds.	1,000 linear yds.	1,000 linear yds.
Men's wear	14,281	23,470	20,574
Government	995	565	661
Other	13,286	22,905	19,913
Women's wear	8,041	5,252	11,526
Auto cloths 2/	1,315	834	1,824
Total	23,637	29,556	33,924

Compiled from Monthly Statistics of Wool Manufacture, published by the National Association of Wool Manufactures. Cloth less than 50 inches wide reported in equivalent 54-inch yardage.

1/ New series. These mills equipped with 27,000 looms.
2/ Excludes cloth with pile or jacquard design.

FOREIGN SITUATION

Opening sales of 1939-40 season postponed

The opening of the 1939-40 Australian wool selling season, originally scheduled for August 28 was indefinitely postponed due to the international situation.

Following the declaration of war by the United Kingdom, the Australian Government announced that the British Government will purchase the entire Australian wool clip for the duration of the war, according to reports to the New York Daily News Record. The price, which will be set by the Government will be announced shortly. A central wool committee has been appointed to direct the handling, storage, appraisal and shipping of the wool to England and other destinations to be designated by the British Government.

Government control of the entire wool textile industry of the United Kingdom announced on September 4 brought new business to a standstill, according to reports from Bradford. A schedule of maximum prices was to be issued September 7, based on clean wool costs of the last London sales (July) and current Bradford wool top rates. No new sales or purchases can be made without licenses.

Sales in the Buenos Aires wool market were relatively large in July and prices advanced in the early part of the month. Stocks are reported to be small. The new selling season in South America does not open until October.

Wool carry-over small in Southern Hemisphere

The carry-over of wool into the 1939-40 season in South America and New Zealand, which produce chiefly crossbred wools is much smaller than in 1938 and also smaller than the 5-year (1933-37) average. The carry-over at selling centers in Australia and the Union of South Africa, the two principal fine wool producing countries of the Southern Hemisphere, was only half as large on June 30, 1939 as a year earlier, but was about equal to the average June 30 stocks of the 5 years 1933-37.

Foreign mill activity high in June and July

The monthly index of wool top production in the United Kingdom, France, Belgium, Poland and Hungary was 118.3 in June (1935 = 100) compared with 82.4 a year earlier. The June index was the highest since the index was first compiled in 1935 according to statistics published in Wool Intelligence Notes.

Employment in the woolen and worsted industry of the United Kingdom showed a further increase in July. Only 6.7 percent of insured workers in the industry were registered as unemployed on July 10 compared with 9.1 percent on June 12 and 21.4 percent in July 1938. Mill consumption of imported

wool in the United Kingdom in July was unofficially estimated to be larger than at any time since 1936.

Index of wool top production in 5 European countries 1/
1935-39

Month	1935	1936	1937	1938	1939
	1935 = 100				
January	108.4	110.7	96.2	75.7	99.0
February	94.6	97.6	91.9	77.1	96.0
March	98.1	106.9	98.4	92.4	115.9
April	91.0	99.0	103.3	77.9	94.0
May	106.9	99.5	83.2	89.4	106.6
June	94.0	79.5	107.3	82.4	118.3
July	106.5	92.1	92.8	85.5	
August	87.8	77.0	81.8	65.7	
September	101.8	105.1	83.6	96.0	
October	111.2	99.3	75.0	95.8	
November	101.4	97.8	73.0	99.3	
December	98.3	104.9	81.8	96.0	
Total	100.0	97.4	88.9	86.4	

Compiled from Wool Intelligence Notes, United Kingdom Imperial Economic Committee.

1/ United Kingdom, France, Belgium, Poland and Hungary.

Outlook

The domestic wool situation in coming months will be influenced by war conditions in Europe. The World War in 1914-18, which coincided with a period of duty-free importation of wool in this country was accompanied by marked activity in the domestic wool manufacturing industry, and a sharp increase in imports of apparel wool into the United States. Net imports of such wool in 1914-16 were almost 4 times as large as in 1911-13, and imports continued large in 1917-18. United States exports of wool manufactures increased sharply from 1914 to 1916 but declined in 1917 and 1918. No marked advance in domestic wool prices occurred in 1914. Prices advanced moderately in 1915 and 1916, and sharply in 1917 and 1918.

Wool production in the United States is now 50 percent larger than in 1914-18, while population has increased about 30 percent during the same period. The domestic production, however, is not sufficient to supply the normal domestic requirements. Wool stocks in this country at the present time are below the 5-year (1933-37) average.

The current domestic wool supply situation was summarized in the August issue of the Wool Situation as follows:

"Mill consumption for the 12 months ended March 31, 1939 exceeded estimated production plus imports by more than 50 million pounds. Hence stocks of wool in this country at the beginning of the 1939 season on April 1 were much smaller than a year earlier and probably were below the 5-year (1933-37) average. Imports of wool thus far in 1939 have been larger than in 1938, but larger mill consumption has more than offset the increase in imports."

"If mill consumption in the last half of the year should equal that of 1938, the consumption for the first 9 months (April-December) of the current season would be about equal to the estimated production of shorn and pulled wool for 1939. Consequently, fairly large imports may be necessary before the 1940 clip is available."

United States production, imports and mill consumption of wool, specified periods 1911-39

Period	Apparel			Carpet
	Domestic production 1/	Imports for consumption 2/	Mill consumption 3/	Imports for consumption 2/
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.
1911-13 average	324	75	4/	104
1914	294	166	4/	84
1915	281	307	4/	93
1916	288	364	4/	76
1917	277	342	4/	73
1918	296	378	5/ 676	69
1935	431	42	659	158
1936	427	111	576	143
1937	433	150	492	172
1938	436	31	475	72
1939	6/ 440			

Imports from the Bureau of Foreign & Domestic Commerce. Mill consumption from the Bureau of the Census.

1/ Shorn and pulled wool. 2/ Statistics for 1911-18 are imports less re-exports. 3/ Greasy shorn and pulled basis. 4/ Not available. 5/ Greasy shorn basis. Figures for 1918 not available on shorn and pulled basis. 6/ Preliminary. Includes estimate of pulled wool production equal to production in 1938.

The proposed purchase of the entire clip of Australia will give the English Government control of approximately 50 percent of the wool clip of the Southern Hemisphere. The Union of South Africa and New Zealand, both British Empire countries, produce an additional 25 percent of the Southern Hemisphere clip.

Although the exportation of wool from British Empire countries was under strict governmental regulation as early as November 1914, United States imports of apparel wool from such countries, as well as from South American countries, increased rapidly in the early years of the war (1914-16). The acquisition by the British Government of the entire clips of Australia and New Zealand beginning in 1916-17 was accompanied by a sharp decline in United States imports from those countries. Imports from South America continued to increase in 1917, but the increase was not sufficient to offset the decline in imports from British Empire countries.

Imports of combing and clothing[1/] wool into the United States, by country of shipment, 1914-18

Country of shipment	Year ended June 30				
	1914	1915	1916	1917	1918
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
South America					
Argentina	31.3	65.5	113.3	194.8	165.8
Uruguay	8.0	14.6	9.2	33.3	17.9
British Empire					
Australia	24.0	66.4	157.5	0.8	30.0
U. of So. Africa	0.5	23.7	61.9	23.8	55.8
New Zealand	4.7	0.4	16.7	0.3	4.1
United Kingdom	57.5	47.5	34.3	1.6	0.2
Canada	4.8	7.4	6.5	8.9	10.0
All other 2/	13.1	11.6	17.0	33.0	34.0
Total all countries	143.9	237.1	416.4	296.5	317.8

Compiled from Commerce and Navigation of the United States.

1/ Now classed as apparel wool.
2/ Includes some South American and British Empire countries not separately listed.

SUPPLEMENTARY DATA

Prices of wool per pound in Boston and London and prices of textile raw materials in the United States, 1931-39

Year and month	Wool						Textile fibers United States			
	Boston Territory combing			London 1/ Combing, fleeces						
	64s, 70s 80s	56s	46s	64s-70s	56s	46s	Wool 2/	Cotton 3/	Silk 4/	Rayon 5/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average-										
1931	63.1	49.9	37.9	36.7	24.1	16.3	63.1	7.90	240.1	75.8
1932	47.0	40.4	32.0	28.9	20.3	10.6	47.0	6.11	156.1	66.0
1933	67.0	60.8	49.6	45.5	31.8	15.5	67.0	8.36	161.2	60.9
1934	81.6	74.2	59.6	58.8	43.2	21.3	81.6	12.17	129.8	58.7
1935	74.8	63.6	51.4	52.6	36.1	19.8	74.8	11.77	163.3	57.3
1936	92.0	80.4	65.9	65.4	43.4	28.1	92.0	11.92	176.6	58.6
1937	101.9	87.1	72.1	73.0	52.4	42.1	101.9	11.22	186.0	62.3
1938	70.4	58.9	52.4	51.9	36.9	6/28.6	70.4	8.58	170.6	52.2
1938 -										
Jan.	77.4	63.4	55.5	58.3	41.7	--	77.4	8.54	156.5	59.8
Feb.	70.6	60.0	51.5	56.5	39.7	30.8	70.6	8.92	159.2	54.0
Mar.	69.0	58.3	51.0	53.5	36.6	29.3	69.0	8.89	163.4	54.0
Apr.	69.0	57.5	51.0	52.4	36.3	29.1	69.0	8.75	161.9	54.0
May	68.0	55.8	51.0	51.7	36.7	29.2	68.0	8.51	160.0	52.0
June	65.0	54.0	49.0	51.6	36.2	28.4	65.0	8.39	160.9	49.0
July	68.6	58.2	51.8	51.3	35.4	27.7	68.6	8.83	183.4	49.0
Aug.	71.2	59.4	53.0	50.3	35.6	27.7	71.2	8.37	172.9	51.0
Sept.	70.0	59.0	53.0	49.5	35.8	27.5	70.0	8.10	175.9	51.0
Oct.	71.0	59.6	53.2	49.7	36.5	28.3	71.0	8.55	185.4	51.0
Nov.	72.8	61.4	55.0	49.0	36.3	28.4	72.8	8.65	180.1	51.0
Dec.	71.9	59.8	54.2	48.6	36.0	27.7	71.9	8.45	180.9	51.0
1939 -										
Jan.	72.2	60.8	54.0	46.7	35.0	25.3	72.2	8.54	190.0	51.0
Feb.	73.8	61.0	54.0	47.8	33.2	25.1	73.8	8.52	211.4	51.0
Mar.	71.8	60.1	52.8	46.9	33.2	25.1	71.8	8.64	221.8	51.0
Apr.	69.0	57.1	50.0	46.3	33.6	26.0	69.0	8.51	239.3	51.0
May	69.8	58.5	52.0	45.6	34.1	26.8	69.8	9.16	268.9	51.0
June	70.8	59.8	53.9	46.1	34.6	29.3	70.8	9.50	253.4	51.0
July	71.9	60.4	54.5	46.8	35.1	31.2	71.9	9.37	264.8	51.0
Aug.	74.0	61.0	56.0				74.0	8.98	264.1	51.0

All wool prices are on a scoured or clean basis. Foreign prices have been converted at monthly average rate of exchange reported by the Federal Reserve. Yearly averages are averages of monthly prices.

1/ New series. The price series formerly compiled by the London office of the Bureau of Agricultural Economics has been discontinued. This series is based on opening and closing quotations for each series of London sales, reported in Kreglinger and Fernau London Sales Reports. For months when no sales were held prices are simple averages of closing quotation in preceding month and opening quotation in following month. Prices are first cost, London, clean, without oil. Statistics by months 1928-37, grades 64s-70s and 56s, published in Agricultural Statistics, 1938, p. 326. 2/ Territory fine combing stable, scoured basis at Boston. 3/ 7/8" Middling. Average at 10 markets.
4/ Japanese white, 13-15 denier, at New York. Bureau of Labor Statistics.
5/ Domestic yarn, first quality, 150 denier. Bureau of Labor Statistics.
6/ 11-month average.

United States: Wool imports, consumption and machinery activity, specified periods, 1937-39

Item	1937	1938	Jan. - July 1938	Jan. - July 1939	July 1938	June 1939	July 1939
	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Imports for consumption actual weight: 1/	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Apparel	150,160	30,811	11,483	44,398	2,910	5,311	5,596
Finer than 40s	126,601	18,443	7,358	30,441	1,590	3,688	3,375
Not finer than 40s	23,559	12,369	4,125	13,957	1,320	1,623	2,221
Carpet, including camels hair	172,091	71,908	20,160	85,006	3,904	9,204	8,268
Consumption, scoured basis: 2/							
Weekly average-							
Apparel	4,772	4,143	3,193	5,180	4,549	5,943	5,498
Carpet	2,023	1,225	861	1,832	999	1,573	1,597
Aggregate-							
Apparel	248,121	219,565	98,991	160,572	22,746	23,772	27,489
Carpet	105,197	64,945	26,699	56,793	4,996	6,292	7,984
			Weekly average in hours				
Machinery activity 2/							
Hours operated per machine in place 3/							
Worsted combs	46.1	39.5	31.0	47.8	46.0	52.3	51.0
Worsted spindles	32.9	26.6	20.2	36.6	26.0	39.1	33.7
Woolen spindles	43.1	30.6	25.2	37.2	31.6	40.4	41.3
Woolen and worsted looms-							
Broad	39.0	28.0	23.4	39.3	27.0	41.8	41.1
Narrow	20.4	10.5	9.4	10.9	8.6	11.2	10.5
Carpet & rug looms-							
Broad	) 28.6	18.8	18.6	34.6	17.8	33.3	29.1
Narrow	)		13.4	22.1	13.1	21.0	18.2

Import figures from the Bureau of Foreign and Domestic Commerce. Consumption and machinery activity from the Bureau of the Census.

1/ Weight of greasy, scoured and skin wool added together.
2/ Figures for June based on 4 weeks, July on 5 weeks, January to July 31 weeks: 1938 totals based on 53 weeks. No adjustment made for holidays.
3/ "Weekly average hours operated per machine or spindle in place" will take the place of "percentage of maximum single shift capacity" previously reported. The percentage of single shift capacity (40 hours) may be obtained by dividing the above figures by 40.

Exports of wool (greasy, scoured and washed combined)
from Australia and the Union of South Africa
for entire season, July 1 to June 30,
1937-38 and 1938-39

Country of destination	Australia 1/		Union of South Africa 2/		Total	
	1937-38	1938-39 3/	1937-38	1938-39 3/	1937-38	1938-39 3/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
United Kingdom	324.9	368.0	40.4	45.9	365.3	413.9
France	132.0	172.3	43.6	51.2	175.6	223.5
Germany	56.1	36.8	79.4	86.0	135.5	122.8
Italy	30.3	21.3	17.9	22.6	48.2	43.9
Belgium	97.1	110.2	19.5	20.2	116.6	130.4
Netherlands	8.5	16.5	4/	4/	8.5	16.5
Japan	70.5	73.4	5.1	1.8	75.6	75.2
United States	4.7	22.0	0.5	0.7	5.2	22.7
Canada	3.4	3.5	0.4	-	3.8	3.5
Other countries	52.4	34.8	11.6	12.6	64.0	47.4
Total	779.9	858.8	218.4	241.0	998.3	1,099.8

Compiled from Wool Intelligence Notes, United Kingdom Imperial Economic Committee.

1/ Bureau of Census and Statistics, Commonwealth of Australia.
2/ Reports of the South African Trade Commissioner in London.
3/ Preliminary.
4/ If any, included with "Other countries".